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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
WILLIAM A. MUNDELL
Commissioner
MARC SPITZER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

Arizona Corporation Commission

DOCKETED

JUN - 1 2005

JUN 02 2005

DOCKETED BY

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IN THE MATTER OF THE APPLICATION
OF LITTLE PARK WATER COMPANY,
INC., FOR IMMEDIATE APPROVAL OF
AN OFF-SITE FACILITIES ARSENIC
IMPACT HOOK-UP FEE TARIFF

DOCKET NO. W-02192A-05-0275

DECISION NO. 67886

ORDER

Open Meeting
May 24 and 25, 2005
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Little Park Water Company, Inc. ("Little Park" or "Company") provides water utility service between the Village of Oak Creek and Sedona in Yavapai County.

2. On April 13, 2005, Little Park filed an Arsenic Impact Hook-up Fee Tariff. The Company is undertaking a treatment construction project to reduce the level of arsenic concentration in its water supply so it can meet the new arsenic standard in 2006. The Company plans to use proceeds from the proposed Arsenic Impact Hook-up Fee Tariff to assist in constructing the arsenic treatment facilities.

3. On April 20, 2005, the Company docketed a letter agreeing to waive the applicable timeclock.

4. The Company's water system consists of three wells, three storage tanks and booster systems serving approximately 64 service connections. The arsenic level at all three wells are at 25 parts per billion ("ppb").

1 5. The proposed Arsenic Impact Hook-up Fee Tariff will be used to assist in the
2 construction of arsenic treatment facilities totaling to \$223,400. The Company seeks approval of
3 an Arsenic Impact Hook-up Fee Tariff of \$1,995 for all new 5/8 x 3/4-inch service connections,
4 graduated for larger meter sizes.

5 6 Staff has reviewed the Company's proposed fee charges and recommends
6 adjustments to the proposed fees. Staff's recommendation is an arsenic impact hook-up fee tariff
7 of \$1,270 for all new 5/8 x 3/4-inch service connections, graduated for larger meter sizes. The
8 Company's proposal focuses on new growth and the Company calculated its proposed fee by
9 applying the total capital cost of \$223,400 and dividing by the projected new customers of 112.
10 However, it is Staff's position that the existing customers will also benefit from the arsenic
11 treatment facilities and therefore, the total capital cost should be divided by 176 customers (64
12 existing customers plus 112 projected customers) in determining the appropriate tariff charge.

13 7. Staff recommends approval of the Arsenic Impact Hook-up Fee Tariff as modified
14 by Staff and reflected in Staff's attached Tariff Schedule.

15 8. Staff further recommends that:

- 16 a. The monies collected under this tariff shall be used to pay for only arsenic
17 treatment equipment and related appurtenances (including engineering and
18 design costs for such facilities) necessary for the removal of arsenic through
19 treatment of water to meet the 10 ppb arsenic standard.
- 20 b. The tariff is applicable to all new service connections established after the
21 effective date of the tariff.
- 22 c. The tariff shall be non-refundable; therefore, facilities installed using these
23 funds shall be contributions in aid of construction.
- 24 d. All funds collected by the Company pursuant to the tariff shall be deposited
25 into a separate interest bearing trust account and used solely for the purposes
26 of paying for the costs of arsenic treatment facilities, including repayment of
27 loans obtained for the installation of arsenic treatment facilities that will
28 benefit the entire water system.
- e. After all necessary funds are collected to pay for all Arizona Department of
Environmental Quality required arsenic treatment facilities or the tariff has
been terminated by order of the Commission, any funds not necessary to pay
for arsenic treatment facilities remaining in the trust shall be refunded. The

manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

- f. The Company be required to submit a calendar year status report each by January 31st to Docket Control for the prior every twelve (12) month period, beginning January 31, 2006, until the tariff is no longer in effect. This status report should contain a list of all customers that have paid the tariff, the amount each has paid, the amount of money spent from the account, the amount of interest earned on the tariff account, and a list of all facilities that have been installed with the tariff funds during the 12 month period.

9. While the Commission agrees with most of Staff's recommendations, it believes the Arsenic Impact Hook-Up Fee Tariff should be set at a higher amount to lessen the financial impact of arsenic treatment on existing customers. Therefore, the tariff shall be \$1,650 for all new 5/8 x 3/4-inch service connections, graduated for larger meters.

CONCLUSIONS OF LAW

1. Little Park is an Arizona public service corporation within the meaning of Article XV. Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Little Park and over the subject matter of the application.

3. Approval of the filing does not constitute a rate increase as contemplated by A.R.S. Section 40-250.

4. The Commission, having reviewed the application and Staff's Memorandum dated May 10, 2005, concludes that the Arsenic Impact Hook-up Fee Tariff, as amended by Staff, is reasonable, fair and equitable and therefore is in the public interest.

5. Staff's recommendations, as set forth in Findings of Fact No. 8 and 9, are reasonable and should be adopted.

ORDER

THEREFORE, IT IS ORDERED that Little Park Water Company, Inc.'s application for a tariff schedule to implement an Arsenic Impact Hook-up Fee Tariff as amended by Staff, be and hereby is approved.

1 IT IS FURTHER ORDERED that Little Park Water Company, Inc. shall comply with the
2 requirements contained in Findings of Fact No. 8 and 9.

3 IT IS FURTHER ORDERED that Little Park Water Company, Inc. shall docket, within 30
4 days, a copy of the Arsenic Impact Hook-up Fee Tariff approved herein.

5 IT IS FURTHER ORDERED that this Order shall become effective immediately.
6

7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**
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9 
10 CHAIRMAN

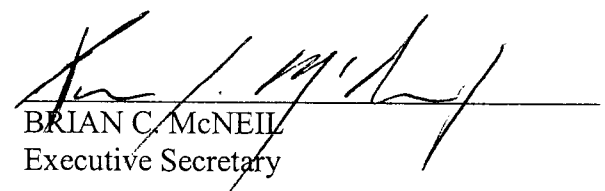

COMMISSIONER


COMMISSIONER

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13 COMMISSIONER


COMMISSIONER

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15 IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive
16 Secretary of the Arizona Corporation Commission, have
17 hereunto, set my hand and caused the official seal of this
18 Commission to be affixed at the Capitol, in the City of
19 Phoenix, this 1st day of June, 2005.

20 
21 BRIAN C. McNEIL
22 Executive Secretary

23 DISSENT: _____

24 DISSENT: _____

25 EGJ:MSJ:lhmdR
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1 SERVICE LIST FOR: Little Park Water Company, Inc.
2 DOCKET NO. W-02192A-05-0275

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TARIFF SCHEDULE

UTILITY: Little Park Water Company, Inc.
DOCKET NO.: W-02192A-05-0275

DECISION NO. _____
EFFECTIVE DATE: _____

ARSENIC IMPACT HOOK-UP FEE TARIFF

I. Purpose and Applicability

The purpose of the Arsenic Impact Hook-up Fee Tariff payable to **Little Park Water Company, Inc.** ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing water treatment plant facilities to treat and remove arsenic. These charges are applicable to all new service connections established after the effective date of the tariff. The charges are one-time charges and are payable as a condition to the Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting, this tariff schedule.

"Applicant" means any party entering into an agreement with the Company for the installation of water facilities to serve new service connections.

"Arsenic Treatment Facilities" means treatment equipment and related appurtenances necessary for the removal of arsenic through treatment of water to meet the 10 parts per billion ("ppb") arsenic standards.

"Company" means Little Park Water Company, Inc., an Arizona corporation.

"Main Extension Agreement" means any agreement whereby an applicant agrees to advance the costs of the installation of water facilities to the Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission's Utilities Division (same as line extension agreement).

"Service Connection" means and includes all service connections for residential, commercial, industrial, or other uses, regardless of meter size.

III. Arsenic Impact Hook-up Fee Tariff Charges

Each new service connection shall pay the Arsenic Impact Hook-up Fee Tariff derived from the following table:

ARSENIC IMPACT HOOK-UP FEE TARIFF TABLE		
Meter Size	Meter Factor	Fee
5/8" x 3/4" •	1	\$1,650
3/4"	1.2	\$1,980
1"	2	\$3,300
1-1/2"	4	\$6,600
2"	6.4	\$10,560
3"	12	\$19,800
4"	20	\$33,000
6" or larger	40	\$66,000

IV. Terms and Conditions

- (A) Assessment of One Time Arsenic Impact Hook-up Fee Tariff Charge: The Arsenic Impact Hook-up Fee Tariff may be assessed only once per service connection, or lot within a platted subdivision (similar to service line and meter installation charges). However, this provision does not exempt from the tariff, any newly created parcel(s) which are the result of further subdivision of a lot or land parcel and which do not have a service connection.
- (B) Use of Arsenic Impact Hook-up Fee Tariff: Arsenic Impact Hook-up Fee Tariff may only be used to pay for capital items of arsenic treatment facilities (including engineering and design costs for such facilities), or for repayment of loans obtained for installation of arsenic treatment facilities. Arsenic Impact Hook-up Fee Tariff shall not be used for expenses, maintenance, or operational purposes.
- (C) Time of Payment:
- (1) In the event that the Applicant is required to enter into a main extension agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406(B), payment of the charges required hereunder shall be made by the Applicant within 15 calendar days after receipt of

notification from the Company that the Utilities Division of the Commission has approved the main extension agreement in accordance with R-14-2-406(M).

- (2) In the event the Applicant is not required to enter into a main extension agreement, the charges hereunder shall be due and payable at the time the service line and meter installation charge is due and payable.
- (D) Failure to Pay Charges, Delinquent Payments: Under no circumstances will the Company set a meter or otherwise allow service to be established if the Applicant has not paid in full all charges as provided by this tariff.
- (E) Arsenic Impact Hook-up Fee Tariff Non-refundable: The amounts collected by the Company pursuant to the tariff shall be non-refundable advances in aid of construction.
- (F) Use of Charges Received: All funds collected by the Company pursuant to the tariff shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of arsenic treatment facilities (including engineering and design costs for such facilities), including repayment of loans obtained for the installation of arsenic treatment facilities that will benefit the entire water system.
- (G) Arsenic Impact Hook-up Fee Tariff in Addition to Other Charges: The tariff shall be in addition to any costs associated with a main extension agreement for on-site facilities, and are in addition to the amounts to be advanced pursuant to charges authorized under other sections of this tariff.
- (H) Disposition of Excess Funds: After all necessary funds are collected to pay for all Arizona Department of Environmental Quality required arsenic treatment facilities or the tariff has been terminated by order of the Commission, any funds not necessary to pay for arsenic treatment facilities remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.